

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 SAJ-01 L-03 TRSE-00

CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 RSR-01 /072 W

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R 201528Z AUG 73

FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 1283

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E.O. 11652: N/A

TAGS: ETRD EGEN UR US XT JA

SUBJ: PROTEST OF RENTAL INCREASES ON HOTEL SPACE OCCUPIED BY
FOREIGN FIRMS IN MOSCOW

REF: A) STATE 163561; B) MOSCOW 9596

1. HOTEL RATE INCREASES DESCRIBED REF B AFFECT ALL TRAVELLERS
A) INDEPENDENT OF TOURS, B) HOLDING DELUXE RESERVATIONS AND
C) COMING FROM HARD-CURRENTY COUNTRIES. OTHER, MUCH LOWER
RATES ARE CHARGED TRAVELLERS FROM EASTERN BLOC AS WELL AS
SOVIET CITIZENS.

2. LOCAL REPRESENTATIVES RANAM AND AMERICAN EXPRESS HAVE
INFORMED EMBASSY ALSO THAT GREAT MAJORITY WESTERN TOURISTS
COME TO USSR AS MEMBERS OF TOUR GROUPS, WHOSE HOTEL COSTS
ARE COVERED IN PREPAID TACKAGE, AND ARE THUS NOT CAUGHT UP
IN RATE INCREASES.

3. THOSE AFFECTED BY INCREASES THUS ARE PRINCIPALLY WESTERN
BUSINESSMEN, RESIDENT AND TRAVELLING. IMPACT ON RESIDENTS
IS SERIOUS, BUT TRAVELLING BUSINESS REPRESENTATIVES HAVE
NOT EXPRESSED PARTICULAR CONCERN, PROBABLY BECAUSE FEW
REMAIN IN MOSCOW LONGER THAN 3-4 DAYS DURING ANY ONE TRIP.

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4. IN LIGHT COMMENTS REF A, EMBASSY PROPOSES TO CHANGE

TEXT PARA 2 DRAFT NOTE TO READ (QUOTE) IT IS THE
EMBASSY'S UNDERSTANDING THAT WITH EFFECT FROM AUGUST 1 RENTAL
CHARGES FOR SPACE IN MOSCOW HOTELS OCCUPIED BY SOME AMERICAN
TOURISTS AS WELL AS REPRESENTATIVES OF UNITED STATES
BUSINESS FIRMS WERE INCREASED DRASTICALLY, IN CERTAIN IN-
STANCES BY MORE THAN TWO HUNDRED PERCENT. THE INCREASES
WERE GENERALLY IMPOSED WITH PRIOR NOTICE. (UNQUOTE)

5. SIMILARLY, TEXT PARA 3 DRAFT NOTE MAY BE REVISED AS
FOLLOWS (QUOTE) THE EMBASSY CANNOT REGARD SUCH MANIPULA-
TION OF HOTELCOSTS FOR FOREIGN INDIVISUALS AND FIRMS IN
MOSCOW AS HELPFUL IN STRENGTHENING EITHER TOURISM OR COOPERA-
TION BETWEEN COMMERCIAL AND ECONOMIC ENTERPRISES OF THE TWO
COUNTRIES. THE EMBASSY IS SURPRISED THAT IN VIEW OF THOSE
INCREASINGLY FAVORABLE BUSINESS TIES WHICH OUR TWO NATIONS
HAVE PLEDGED THEMSELVES TO FURTHER, THE SOVIET AUTHORITIES
SHOULD SEE FIT INITIALLY TO IMPOSE SUCH INCREASES IN
RENT AS WILL HAVE AN ADVERSE EFFECT UPON THE ABILITY OF
AMERICAN COMPANIES TO MAINTAIN AND EFFECTIVE PRESENCE IN THE
SOVIET UNION . (UNQUOTE)

6. IT NOW APPEARS THAT ALL EMBASSIES CONCERNED PLAN TO
SUBMIT NOTES TO FOREIGN MINISTRY ON FRIDAY, AUGUST 24.
DUBS

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